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## **RELATIONSHIP BETWEEN FRAUD AUDITING AND FORENSIC ACCOUNTING**

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### **Abstract**

In the study, the survey was applied to the work groups registered to the members of Chamber of Certified Public Accountants in Aydın. 193 members of the profession were reached. Their ideas were consulted about fraud auditing and forensic accounting. It was tried to find the reasons for fraud of the individuals and the companies, the people who fraud more and the behavioral characteristics of the fraudsters. It was also mentioned about the regulations in our country and in the World about fraud and the issue, how effective these regulations, were studied were. The precautions and tools to find out the fraud and to prevent them were evaluated. Besides, the knowledge of the members of the profession were consulted about in which fields forensic accounting serve, the contributions to the available profession, the participation into the inspectorial process and its effects. The gathered information as a result of the survey was analyzed with the program SPSS for Windows 22.0. The test Man-Whitney-U was used for the analysis of the information between two independent groups, the test Kruskal Wallis was used for comparing of the information among more than two independent groups. The test Man-Whitney-U was used for the analysis of the differences as a follow-up of the test Kruskal Wallis.

**Keywords:** Fraud, Fraud Auditing, Forensic Accounting

**Jel Codes:** M41, M42, M21

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## **Introduction**

Accounting manipulation are the transactions that are made in order to change the perception of the external information users on the company. It is aimed to benefit from this by showing the financial structure and performance of the companies differently.

Accounting manipulation can be divided in two categories as the manipulations contrary to accounting principles and standards, and the manipulations in accordance with accounting principles and standards. In the literature, while profit management, stabilization of profits, aggressive accounting, cleanup accounting and creative accounting are accepted as manipulations in accordance with accounting principles and standards, fraud is a manipulation contrary to accounting principles and standards.

A fraud is usually an intentional misrepresentation for a financial purpose and damage to the third person who is informed. When it comes to occupational aspects; fraud can be defined as the transactions which are intentionally made and not carried out in accordance with the procedure in the companies and actions that damage the business and / or investors. In the global abuse study published by ACFE in June, 2016, it was revealed that the accounting department of the most fraudulent department. With the fact that the accounting department is in contact with each department, it dominates the whole organization, it requires too much professionalism as technical knowledge, and it cannot be controlled by other departments, makes accounting more open to fraud. Accountants were also referred to as "fraud detectives" at the beginning of the 1900's. Over the time, the growth and complexity of the companies have created different responsibilities for accountants, different and independent forensic methods have appeared for the detection and prevention of fraud.

The "forensic accounting", in which the concepts of forensic and accounting are used together, emphasizes both the legal dimension and the accounting works that arise as a result of commercial transactions. Forensic accounting; the use of accounting, auditing and legal concepts, principles, theories, standards and methods in the solution of legal issues with a research approach. The difference between traditional accounting and forensic accountant is a system based on the detection and investigation of accounting frauds.

## **Literature Review**

In the Turkish Language Institution's Turkish dictionary "fraud" is stated as "tricks, plots, gyps, cheats and machinations in order to deceive and mislead

a person” and “adding something worthless to make it profitable”.  
(<http://www.tdk.org.tr>)

Association of Certified Fraud Examiners (ACFE), which was established in 1988, defined the professional fraud on its report in June 2014 as “to achieve personal wealth by intentionally using the assets of the employers and their professionally”.

Public Oversight, Accounting and Auditing Standards Authority has issued a description of the fraud in its audit standard published on December 10, 2013. According to the standard, “Fraud: the intentional actions of the management, senior managers, the employees or one or more of the third parties that includes in order to obtain an unlawful benefit ([Http://www.kgk.gov.tr/contents/files/bds/bds\\_240.pdf](http://www.kgk.gov.tr/contents/files/bds/bds_240.pdf))

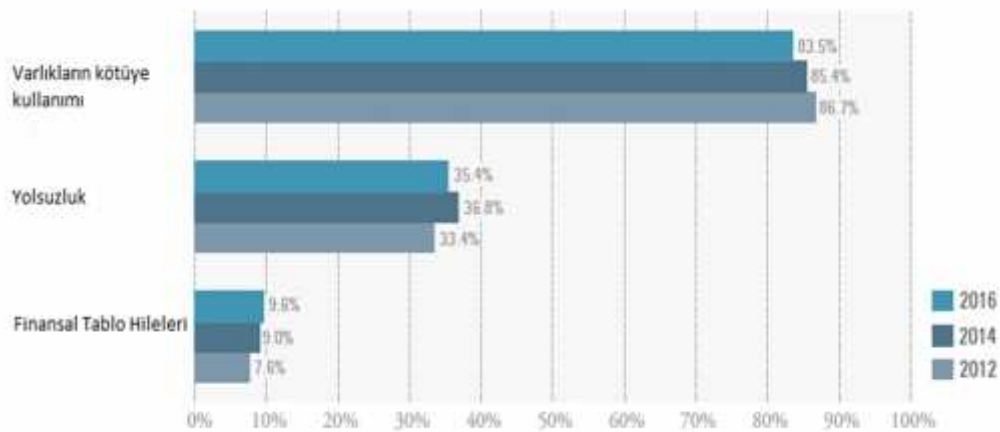
According to the definition made by the International Auditing Standards Board; fraud; is the actions that are made by intentionally misrepresenting the financial conditions that may be the subject of an audit. ([Http://www.aicpa.org/research/standards/auditattest/downloadabledocuments/au-00328.pdf](http://www.aicpa.org/research/standards/auditattest/downloadabledocuments/au-00328.pdf))

While fraud in accounting affects partners, employees and investors in a narrow sense, it also affects the government and society in a broad sense. Decisions made by company owners and their partners through fraud first create problems with the future of the company; then it affects the country’s economy. Especially the decrease in taxes to be paid to the government through fraud even is in favor of a small part of the society, it is against to a large part. Besides, it damages the accounting profession; it changes society’s attitude to the profession, makes the profession less reliable and discredits its members.

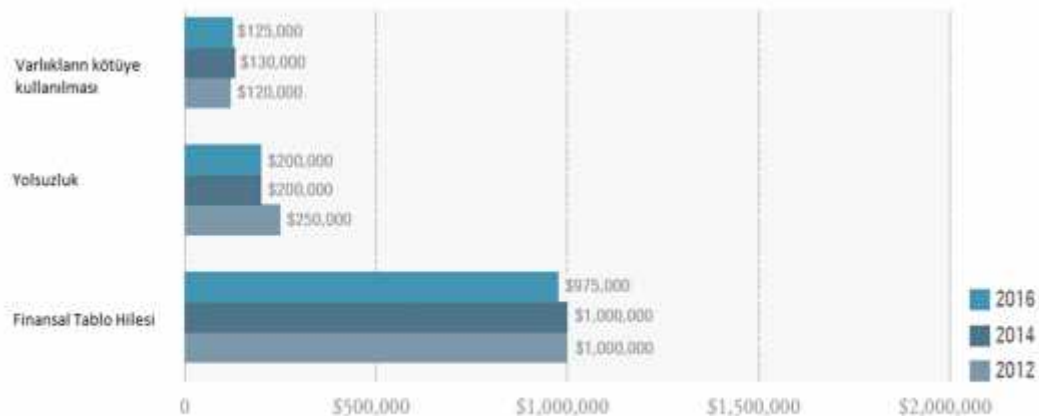
The ACFE report classified the work abuses into 3 divisions;

- Misappropriation of assets,
- Corruption,
- Financial statement abuses

The following graphs show the order of the quantities and amounts of the fraud



**Graph 1: ACFE's Fraud Quantity Classification and Ranking in the 2016 Report**



**Graph 2: ACFE's Fraud Amount Classification and Ranking in the 2016 Report**

According to the report of ACFE, it is seen that the fraud's amount and quantity are inversely correlated. Misappropriation of assets is the mostly used fraud type by the employees, but it has the least impact on the company as amount. Financial statement abuse is the least used fraud but it has the biggest effect on.

In 1950, Donald Cressy's study of why fraud was committed has been the most valuable research in the traditional fraud approach. The common and summary result of this research revealed the concept of "fraud triangle". Cressy

met with 200 prisoners convicted of misconduct or embezzlement, and as a result of his study he had three common elements for each fraud. These elements are;

1. Pressure,
2. Justification (plausibility),
3. Opportunity. (Singleton et al., 2006: 8-9)

With his researches, Cressy is the creator of the fraud trio; but in fact his researches did not have the concept of "fraud triangle". Joseph T. Wells, the founder of the ACFE, who has contributed the fraud triangle to the academic world as a term, and has done a lot of studies on fraud (Tarhan, 2012: 116)

#### **Pressure**

There is a pressure element that encourages management or other employees to fraud or motivate to fraud. Examples of such pressure elements are big amounted bills, addiction problems, expensive pleasures, and gambling habits etc. More material difficulties come to the forefront of the pressure element. (Varici, 2011: 47-48)

#### **Justification (Plausibility)**

In the last stage of fraud triangle, the one who defraud finds words in order to comfort and to defend himself in case he gets caught even he knows that his crimes are a crime.

Fraudulent behaviors may be able to legalize their fraudulent behavior in accordance with their ethical conception; in another words he might try to justify. Some people's moral perceptions may allow them to intentionally exhibit dishonest behavior. On the other hand, in environments where adequate pressure has taken place, it seems possible that even those who are not expect to anticipate such behavior behave in a fraudulent manner. (Küçük, Uzey, 2009: 244)

#### **Opportunity**

The opportunity element of the fraud triangle is an element that directly concerns the business management and owners in particular. Providing the fraud opportunity for the employees in the company is accepted as one of the most important factors in the birth of fraud. This is why it is often necessary to pay attention to this fact in order to prevent a fraud in an company. An employee who knows that there is a strict control in the company and who thinks that in a possible fraud the probability of getting caught is high, does not

try to defraud easily. On the other hand, an employee who sees the opportunity to defraud and knows that it is less likely to get caught has more willing to defraud.

A study by David T. Wolfe and Dana R. Hermanson in 2004 found a new understanding of the fraud triangle and identified a fourth element to be added to the fraud triangle. This element is thought to make progress in detecting and protecting fraud. Wolfe and Hermanson have added "personal capacity" to the elements of pressure, justification and opportunity, and they have formed a 'fraud tile'. It is thought that together with the presence of the other three elements, personal traits and abilities play a major role in the genesis of the fraud (Wolfe and Hermanson, 2004: 38-42)

Fraud inspection is basically carried out to measure the damage resulting from fraud, abuse or negligence and covers a wide range of activities. It's also done in order to sue the related party for other financial claims based on a wide variety of legal cases such as embezzlement, alimony, insurance fraud etc. or a part of the judging process due to the anticipation of the case. ([Http://www.accaglobal.com/content/dam/acca/global/pdf/p7int\\_2006\\_dec\\_pilot\\_q\\_and\\_a.pdf](http://www.accaglobal.com/content/dam/acca/global/pdf/p7int_2006_dec_pilot_q_and_a.pdf))

In the fraud audit, the operations that need to be done during the fraud audit are determined as the focal point of the audit and if a fraudulent situation is noticed on these operations, fraud schemes are formed and the audit model is determined together with the prepared data. If there is a fraudulent transaction, the investigation comes up. While the existence of the fraud is not certain during the investigation, it aims to investigate this possibility. (Gönen and Rasgen, 2016: 96)

The 'forensic accounting' term was first used by an accountant named Maurice E. Peloubet in 1946 and Peloubet wrote an article about it. Additional accounting and investigation services, that lost in the mid-1980s, offered in areas such as tracking assets, reinstating assets, cooperating in criminal investigations, and providing litigation support advice in civil litigation cases with different content were introduced into the domain of forensic accounting. (Aktas, Kuloglu, 2008: 109)

As can be understood from the name of the forensic accounting; "forensic accounting is a field of expertise used to solve legal problems faced by companies with the help of financial data ". (Elita et al., 2011: 226)

Forensic accounting, also used by some authors as a forensic audit, is defined in the business dictionary as; " The practising of accounting methods and special methods for forensic evidence collection and monitoring with the

intention of investigating and prosecuting criminal acts such as embezzlement or fraud. ([Http://www.businessdictionary.com/definition/forensic-audit.html](http://www.businessdictionary.com/definition/forensic-audit.html))

Forensic accounting, which combines law and accounting information systems as a discipline, encompasses a comprehensive level of knowledge of the functioning of finance, law and trade, and an understanding of the use of this knowledge by experts in order to help judicial decisions. (Karacan, 2012: 107)

Forensic accounting addresses many different sectors and is used in a wide area. Some areas of forensic accountants may be listed as follows: (<http://www.forensic-accounting-information.com/forensic-accounting-careers.htm>)

- Partnership or shareholder actions,
- Personal injury claims / motor vehicle accidents,
- Work stoppage / other claims for insurance claims,
- Management / employee fraud investigations,
- Financial disputes related to divorces,
- Actions against the financial losses of the company,
- Reconciliation and arbitration
- Job suicides.

The relationship between audit, fraud audit and forensic accounting is intertwined as shown below.



**Figure 1: The Relationship Between Audit, Forensic Accounting and Fraud Audit**

Auditing knowledge and competence supports fraud audit and forensic accounting. Traditional auditing methods play an important role in detecting the fraud. The relationship between audit, fraud audit and forensic accounting is dynamic and it changes regarding to political, legal, social and cultural events. In this case auditors must have the least amount of knowledge and experience in detecting the financial statements. Those who have knowledge and skills in this way and also have knowledge of basic law and criminal science, will be authorized to conduct litigation support consultation as well as fraud audit and expertise in the field of accounting. (Kranacher et al., 2008: 508-509, Translated by Kurt, Uçma, 2009: 163)

Forensic accounting includes the processes of judicial review, detective, etc., which are in the jurisdiction of the law enforcers, in addition to the already existing accounting profession characteristics, when examined in terms of its function in western countries. In many European countries and the United States, certain tasks that fall under the jurisdiction of law enforcers can be assessed within specific boundaries by private individuals / institutions. In our country, it is a criminal offense for a professional accountant to ask for information about third parties other than his own taxpayer, and limited information is available even if it relates to his own taxpayer. In this context, it is necessary to make very detailed legal arrangements and amendments in order to apply your forensic accounting in our country. (Akin, Onat, 2015: 40)

### **Field Study**

A questionnaire was applied to the professionals working in Aydın in the field study section of the study. There are 125 Public Accountants and 722 Certified Public Accountants affiliated to the Chamber of CPA in Aydın. However, not all of these members are active in Aydın. Information about this was obtained from the Chamber of CPA of Aydın and it was understood that the number of the professionals operating in Aydın is 561. A questionnaire was applied to 193 professions in the study. The information obtained through the questionnaire survey was analyzed by entering data into the SPSS for Windows 22.0 program.

The internal consistency coefficient "Cronbach Alpha" was calculated in order to gather the reliability of the 13 items of attitude scale for judicial accountancy in fraud audit. The overall reliability of the scale was found to be very high at  $\alpha = 0.842$ . An explanatory factor analysis method was applied to reveal the construct validity of the scale. The results of the Barlett test ( $p = 0.000 < 0.05$ ) showed that there was a correlation between the variables analyzed by factor analysis. It has been determined that the sample size is



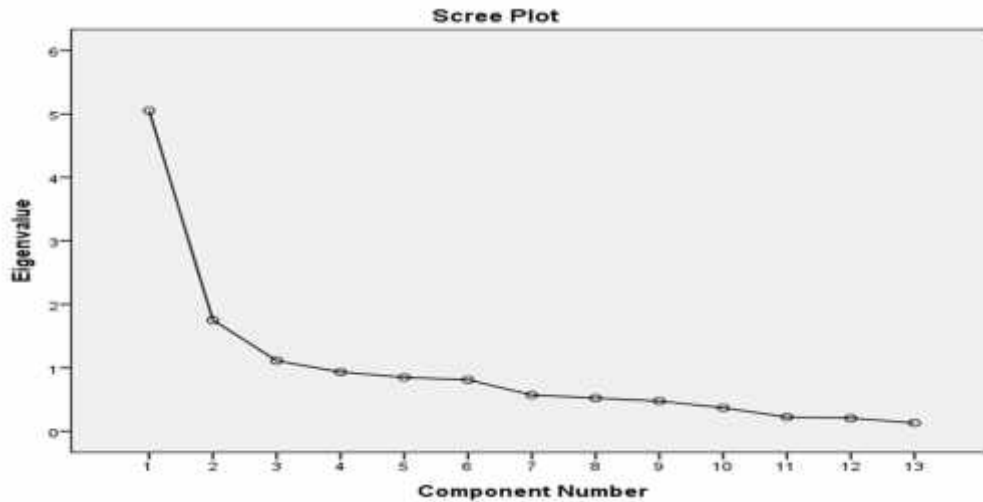
sufficient to perform factor analysis as a result of the test ( $KMO = 0.866 > 0.60$ ). In the factor analysis application, the varimax method was chosen so that the structure of the relationship between the factors remains the same. As a result of the factor analysis, the variance of the total explanatory variance was lowered by 3 factor of 60.879%. It has been understood that the scale of attitude towards judicial accountancy in fraud audit is a valid and reliable instrument, according to the value of alpha and the disclosed variance for reliability. The factor structure of the scale is shown below.

**Table 1: Factor Structure of Attitude Scale Toward Judicial Accounting in Cheating Inspection**

Size	Clause	Factor Load	Stated Variance	Cronbach's Alpha
F1	With special techniques of the forensic accounting; fraud, corruption, abuse can be audited extensively.	0,915	30,946	0,875
	The forensic accountancy profession will contribute to the economy of the country thanks to the fraud that it can reveal and prevent	0,881		
	Participation of forensic accountants in the audit process will positively affect audit activities.	0,869		
	Forensic accounting services provide significant benefits and assistance during divorce dispute by analyzing the effects and consequences of financial events and financial assets acquired during the marriage	0,823		
	The most detailed professional support for fraud auditing is the forensic accounting.	0,769		
	Forensic accounting is the assurance against to fraud and corruption for the real or legal persons of the public or private sector who think that there's is a fraud in company.	0,352		

F2	Forensic accounting has great importance in the case of tax fraud and corruption, in the detection of account frauds made on financial tables or book.	0,83	18,94	0,728
	Forensic accounting services will be needed in the Commercial Law cases, and in the disputes related to the liquidation or merger in the cases, the problems related to the profit distribution of the partners.	0,776		
	I think professional forensic accounting support is necessary for the detection and prevention of frauds	0,634		
	Forensic accountancy profession service will play an active role in documents and credit card frauds, frauds related to checks and bills.	0,612		
	Forensic accounting contributes to the detection of the debtor's collusive transactions in order to smuggle the property in cases such as fraudulent bankruptcy practices.	0,349		
F3	The institutions within the scope of the Capital Markets Law require the forensic accounting techniques in the judicial process of the crimes resulting from work and actions.	0,778	10,993	0,443
	In judicial processes against money laundering, it is necessary to use forensic accounting for the need for high-level accounting and auditing technical information to resolve large organizations and systems.	0,703		
Total Variance%60.879				

When determining the number of factors of the scale, the most important criterias are the Screeplot chart and the self-valued numbers. The Screeplot graph for factor structure of the scale is given below.



**Graph 3: ScreePlot Graph**

While determining the number of scale factor, high acceleration declines are taken into account in the eigenvalue scatter graph. It is believed that the factors of horizontal decline are less likely to contribute to variance. (Büyüköztürk, 2011: 133) At the same time, the fact that the first factor is more than three times the eigenvalue of the second factor of the eigenvalue can be considered as proof that the scale is one dimensional. (Tav ancıl, 2010: 137) The first factor has an eigenvalue of 5.052 and the second factor has an eigenvalue of 1.751. These findings show that your scale is a one-factor structure.

The data obtained in the study were analyzed using SPSS (Statistical Package for Social Sciences) for Windows 22.0 program. Number, percentage, means, standard deviations were used as descriptive statistical methods in the evaluation of the data.

The scores of the scale dimensions are evaluated between 1 and 5. This range is 4 points wide. This width is divided into five equal widths; "too low" for between 1.00-1.79, "Low" for between 1.80 and 2.59; "Medium" for between 2.60 and 3.39; "High" for between 3.40 and 4.19; "very high"for between 4.20-5.00. ([Http://www.istatistikanaliz.com/faktor\\_analizi.asp](http://www.istatistikanaliz.com/faktor_analizi.asp))

The man-whitney-u test was used to compare quantitative continuous data between two independent groups and the kruskall wallis test was used to compare quantitative continuous data between two independent groups. The man whitney-u test was used as a complement to determine the differences after the Kruskall whaling test. The findings were evaluated at the 95% confidence interval and at the 5% significance level.

### Findings

This section contains findings from the analysis of data gathered by surveys from members of the profession participating in the survey. Explanations and interpretations were made based on the findings. The following table shows the distribution of descriptive characteristics of professionals.

**Table 2: Distribution of Descriptive Characteristics of Professional Members**

Tables	Groups	Frequency(n)	Perc.(%)
Gender	Female	54	28
	Male	139	72
	Total	193	100
Age	25-30	11	5,7
	31-40	73	37,8
	41-50	49	25,4
	Over 50	60	31,1
	Total	193	100
Title	PA	12	6,2
	CPA	181	93,8
	Total	193	100
Professional Experience	6m-1 yr	13	6,7
	1-5Yrs	32	16,6
	5-10Yrs	24	12,4
	Over 10 Yrs	124	64,2
	Total	193	100
Education Level	High school	22	11,4
	University	152	78,8
	Graduate	19	9,8
	Total	193	100

Professional members are distributed as 28% “Women” and 72% “Men” according to Gender variable of survey. It is seen that the biggest proportion on the "age" variable of the professional members is 31-40 with a 37.8%. Factor that is effective in age variable; being a member of the profession requires a long process and therefore an internship test to get a certificate and a 3 year compulsory internship. For this reason, the proportion of young professionals is low. According to the variable of the title, the professions are distributed as 6.2% PA and 93.8% CPA. The most important reason for this dispersion is; The PA title has been theoretically removed; but actually some of them continue to work. According to professional experience variable, 64.3% of them have 10 year experience. According to the level of education; 78.8% of the professional members are university graduates. It is seen that 11.4% of the high school graduates took part in the job before the PA title was removed.

A distribution has emerged that supports the answers of previous questions; one of the conditions required to become a certified public accountant is to be a minimum university graduate; so there are a large number of university graduates. On the other hand, because of the shortening of the internship period and the improvement in the training opportunities of the young professionals, the post graduate group also found 9.8%.

The following table shows profession members’ fraud experiences and the thoughts about fraud audit.

**Table 3: Opinions of Professional Members on Fraud / Fraud Audit**

Tables	Groups	Frequency (n)	Percentage (%)
A Fraudulent Situation in Your Own Workplace or Taxpayers	Yes	67	34,7
	No	126	65,3
	Total	193	100
Being an attorney when faced with a fraudulent event	Yes	23	11,9
	No	170	88,1
	Total	193	100
The need to take precautions to avoid fraud	Yes	188	97,4
	No	5	2,6
	Total	193	100
Previous involvement in the fraud audit workgroup	Yes	23	11,9
	No	170	88,1
	Total	193	100

Thought about the fraud audit workgroups may be necessary and effective	Yes	172	89,1
	No	21	10,9
	Total	193	100

A great majority of the members of the profession stated that they did not encounter a fraudulent situation in their own workplace or their taxpayer and that they were not an actor against a fraudulent event. Members of the profession agree to take action regarding fraud.

A large part of the professionals are not involved in any working group, but nevertheless believe that fraud audit working groups may be necessary and effective. The reasons of the fraud are listed according to their level of importance by professional members in the following table.

**Table 4: Reasons of Fraud**

Tables	Groups	Frequency (n)	Percentage (%)
Showing the profit figure differently	Most important	21	10,9
	Fairly Important	75	38,9
	Important	49	25,4
	Slightly Important	36	18,7
	Not at all Important	12	6,2
	Total	193	100
Paying Less Tax	Most important	120	62,2
	Fairly Important	31	16,1
	Important	23	11,9
	Slightly Important	9	4,7
	Not at all Important	10	5,2
	Total	193	100
Getting More Loans From Banks	Most important	24	12,4
	Fairly Important	53	27,5
	Important	71	36,8
	Slightly Important	34	17,6
	Not at all Important	11	5,7
	Total	193	100
False Representaition of the Company's Statements	Most important	22	11,4
	Fairly Important	18	9,3
	Important	34	17,6
	Slightly Important	91	47,2
	Not at all Important	28	14,5
	Total	193	100

Raising the Share Price of the Company	Most important	6	3,1
	Fairly Important	16	8,3
	Important	15	7,8
	Slightly Important	23	11,9
	Not at all Important	133	68,9
	Total	193	100

It was revealed that the “Showing the profit figure differently “, that is one of the elements of the fraud reasons, is fairly important with a share of 38.9%. Although profit manipulation is a common fraud way, other factors are more important in the analysis.

Compared with other data, it is seen that “paying less tax” has a big effect on fraud (62.2%). This is not surprising if you consider accounting is done merely for tax rather than information in practice.

Fraud in order to get more loans from the banks seems to be of average importance. Today, businesses and companies need large amounts of bank loans to invest and grow. Fraud can also be done to get them.

False Representation of the Company’s Statements has been accepted as fairly important with 47.2% share. The makeup in the financial statements will deeply affect many area (the company itself - its employees, government, investors, financial institutions and organizations), especially if there is a fraud that takes place in a public company. However, it is considered that most of the professionals have lack of perspective because they don’t have any connection with a public company.

The share prices are on a very slippery floor. A manipulation can affect prices positively as well as negatively. As stated above, the reason that professional members specify this element as “not at all important” is their lack of connection with a public company.

The most important reason for people to fraud has been stated as to pay little tax by the professional members. The most important reason for this is that their main customers are not large scaled customers and merely focused to tax amount.

The table below shows the most appropriate position to fraud regarding to evaluation of the professional members.

**Table 5: Evaluation of Most Appropriate Position / Status for the Fraud**

Tables	Groups	Frequency (n)	Percentage (%)
Owners	Most important	124	64,2
	Fairly Important	37	19,2
	Important	17	8,8
	Slightly Important	10	5,2
	Not at all Important	5	2,6
	Total	193	100
Board of Directors	Most important	28	14,5
	Fairly Important	77	39,9
	Important	54	28
	Slightly Important	22	11,4
	Not at all Important	12	6,2
	Total	193	100
Senior Managers	Most important	23	11,9
	Fairly Important	54	28
	Important	94	48,7
	Slightly Important	11	5,7
	Not at all Important	11	5,7
	Total	193	100
Employee	Most important	12	6,2
	Fairly Important	9	4,7
	Important	11	5,7
	Slightly Important	29	15
	Not at all Important	132	68,4
	Total	193	100
Intermediate Manager	Most important	6	3,1
	Fairly Important	15	7,8
	Important	18	9,3
	Slightly Important	121	62,7
	Not at all Important	33	17,1
	Total	193	100

According to the members of the profession, the most appropriate position / status to fraud is, respectively; owners, board members, senior managers, mid-level managers and employees.



It can be argued that the reason for having the owners at the top is the ownership structure of non-institutionalized family companies throughout Turkey. The lack of audit in family companies and the development of common interests due to the relationship between the board members and the owners increases the percentage of the board members variable. As shown in the previous sections of the study, the improvement in manager's seniority and position shows that the number of fraud is less but the amount of fraud is higher. Senior managers are more likely to fraud thanks to their possibilities. Mid-level managers, however, were not important in the survey results due to their lack of extensive control authority. A conclusion has been put forward that supports the ACFE's report on employees. While fraud of the employees seem to be very large in quantity, they are less important than other positions given the effect they generate on the financial statements. Employee frauds are generally misused of assets and financial statement frauds are made by senior management and owners.

The table below contains data on which behavioral characteristics of employees of professional members or theirs taxpayers should be monitored regarding to fraud risk.

**Table 6: Employee Attitudes**

Tables	Groups	Frequency (n)	Percentage (%)
High Amounted Personnel Expenditures	Most important	108	56
	Fairly Important	38	19,7
	Important	19	9,8
	Slightly Important	12	6,2
	Not at all Important	16	8,3
	Total	193	100
Arriving Early, Leaving Late	Most important	11	5,7
	Fairly Important	39	20,2
	Important	62	32,1
	Slightly Important	50	25,9
	Not at all Important	31	16,1
	Total	193	100
Close Relationship with Suppliers/Customers	Most important	40	20,7
	Fairly Important	81	42
	Important	36	18,7
	Slightly Important	26	13,5
	Not at all Important	10	5,2
	Total	193	100
Not Using Annual Permissions	Most important	9	4,7
	Fairly Important	17	8,8
	Important	30	15,5
	Slightly Important	72	37,3
	Not at all Important	65	33,7
	Total	193	100
Not to be Ready to Take Responsibility	Most important	25	13
	Fairly Important	18	9,3
	Important	46	23,8
	Slightly Important	32	16,6
	Not at all Important	72	37,3
	Total	193	100

When a ranking is made according to the attitudes and behaviors of the employees, the high personal spending is confronted as the most obvious feature of whether the employee is a fraud. Remaining is respectively; to have close relationship with the seller and the customers, flexible working hours, not using the annual leave regularly and to avoid taking responsibility. The reason for this result is that the expenditure is more tangible. The table below contains data on legislation and regulations that professional members believe are the most effective in preventing frauds.

**Table 7: The Most Effective Legislations and Regulations in the Prevention of Accounting Frauds**

Tables	Groups	Frequency (n)	Percentage (%)
Tax Procedure Law	Most important	100	51,8
	Fairly Important	22	11,4
	Important	47	24,4
	Slightly Important	18	9,3
	Not at all Important	6	3,1
	Total	193	100
Capital Market Board	Most important	41	21,2
	Fairly Important	48	24,9
	Important	77	39,9
	Slightly Important	25	13
	Not at all Important	2	1
	Total	193	100
Turkish Commercial Code	Most important	40	20,7
	Fairly Important	108	56
	Important	29	15
	Slightly Important	14	7,3
	Not at all Important	2	1
	Total	193	100

Banking Regulation and Agency Supervision	Most important	9	4,7
	Fairly Important	12	6,2
	Important	33	17,1
	Slightly Important	126	65,3
	Not at all Important	13	6,7
	Total	193	100
Other Legislations	Most important	3	1,6
	Fairly Important	3	1,6
	Important	8	4,1
	Slightly Important	9	4,7
	Not at all Important	170	88,1
	Total	193	100

Members of the profession think that the effect of the TPL is the greatest in preventing accounting frauds. This is followed by CMB, TCC and BRSA respectively.

Since our country's accounting system is consistent with the Continental European Model, tax and accounting are intertwined. For this reason, transactions made in accounting are generally made based on tax laws. Professional members depend on TPL for their decisions. So from the perspective of our country It is expected that the results of the survey indicate TPL. The following table provides information on the works carried out in relation to the detection and prevention of the fraud of professional members.

**Table 8: Works for the Detection and Prevention of Frauds**

Tables	Groups	Frequency (n)	Percentage (%)
Audit Activities of Ministry of Finance Personnel	Most important	54	28
	Fairly Important	26	13,5
	Important	29	15
	Slightly Important	27	14
	Not at all Important	57	29,5
	Total	193	100

Audit Activities of Independent Audit Companies	Most important	36	18,7
	Fairly Important	47	24,4
	Important	59	30,6
	Slightly Important	42	21,8
	Not at all Important	9	4,7
	Total	193	100
Audit Activities of POAASA Supervisors	Most important	16	8,3
	Fairly Important	42	21,8
	Important	44	22,8
	Slightly Important	48	24,9
	Not at all Important	43	22,3
	Total	193	100
Professional Support to be taken from outside (expert support such as fraud auditor etc.)	Most important	27	14
	Fairly Important	42	21,8
	Important	34	17,6
	Slightly Important	42	21,8
	Not at all Important	48	24,9
	Total	193	100
Internal Control	Most important	60	31,1
	Fairly Important	36	18,7
	Important	27	14
	Slightly Important	34	17,6
	Not at all Important	36	18,7
	Total	193	100

Members of the profession adopt the view that internal control is the most important element in the detection and prevention of fraud. Thanks to be familiarise with all units and ability to see how the company operates, internal audit activity is crucial for early detection of any fault or abruptness.

Internal audits are followed by audits by the Ministry of Finance personnel, audit activities of independent audit companies, professional support

from external sources (expert support such as a fraud auditor etc), audit activities of Public Oversight Accounting and Auditing Standards Authority auditors. Due to the inability to complete the necessary procedures for the supervisors of the POAASA, the members of the profession have little information about the subject. As a result, audit activity of POAASA supervisors appears to be the most insignificant factor according to the variables. Members of the profession rely more heavily on the internal audit than the audit of the Ministry of Finance staff. Because the Ministry of Finance's inspections are mostly based on complaints. The following table provides information on evaluation of professional members about the tools used to prevent fraudulent transaction.

**Table 9: Tools used to prevent fraudulent transactions**

Tables	Groups	Frequency (n)	Percentage (%)
Internal Audit	Most important	70	36,3
	Fairly Important	65	33,7
	Important	22	11,4
	Slightly Important	10	5,2
	Not at all Important	26	13,5
	Total	193	100
Internal Control	Most important	36	18,7
	Fairly Important	56	29
	Important	53	27,5
	Slightly Important	42	21,8
	Not at all Important	6	3,1
	Total	193	100
Tip-off Lines	Most important	14	7,3
	Fairly Important	13	6,7
	Important	35	18,1
	Slightly Important	48	24,9
	Not at all Important	83	43
	Total	193	100
Independent Audit	Most important	44	22,7
	Fairly Important	41	21,2
	Important	58	30,1
	Slightly Important	33	17,1
	Not at all Important	17	8,8
	Total	193	100

Custom Fault and Fraud Investigation	Most important	29	15
	Fairly Important	18	9,3
	Important	25	13
	Slightly Important	60	31,1
	Not at all Important	61	31,6
	Total	193	100

Professional members think internal audit is the most effective tool of preventing fraudulent transactions. Internal audit is followed by the independent audit activities. In our country, the independent audit sector has a fairly high priority. In addition, trust to independent audit is increasing day by day. It has also been confirmed by professionals that independent auditing is an effective tool of preventing fraudulent transactions.

The reason of the low importance level for the tip-off lines is that the warning events are effective in detecting the fraud, not preventing. There is nothing to be noticed until the fraud happens.

In this part of the study, it was tried to measure the effect of forensic accounting in fraud audit. Whether or not these concepts are related to each other has been evaluated by professionals. Scale score in the analysis was evaluated between 1 and 5. 1 to 1.79 very low, 1.80 to 2.59 low, 2.60 to 3.39 medium, 3.40 to 4.19, 4.20 to 5 very high. The following table shows “**the level of attitude towards forensic accounting in fraud audit**”.

**Table 10: Levels of Attitudes of Professional Members Towards Forensic Accounting in Fraud Audit**

	N	Avg.	Sd	Min.	Max.
Attitudes Towards Forensic Accounting in Fraud Audit	193	4,077	0,53	1,46	5

The following table shows the distributions of the answers given by the members of the professions participating in the survey on attitudes towards forensic accounting in fraud audit.

**Table 11: Distribution of Professional Members' Responses to Statements Regarding Attitudes Towards Forensic Accounting in Fraud Audit**

	Strongly Disagree		Disagree		Neither Agree / Nor Disagree		Agree		Strongly agree			
	f	%	f	%	f	%	f	%	f	%	Avg	Sd
The institutions within the scope of the Capital Markets Law require the forensic accounting techniques in the judicial process of the crimes resulting from work and actions	9	4,7	11	5,7	28	14,5	68	35,2	77	39,9	4,000	1,094
In judicial processes against money laundering, it is necessary to use forensic accounting for the need for high-level accounting and auditing technical information to resolve large organizations and systems.	6	3,1	39	20,2	44	22,8	68	35,2	36	18,7	3,461	1,104
Forensic accounting services will be needed in the Commercial Law cases, and in the disputes related to the liquidation or merger in the cases, the problems related to the profit distribution of the partners.	9	4,7	2	1,0	15	7,8	73	37,8	94	48,7	4,249	0,984



Forensic accounting has great importance in the case of tax fraud and corruption, in the detection of account frauds made on financial tables or book.	3	1,6	8	4,1	16	8,3	88	45,6	78	40,4	4,192	0,872
The forensic accountancy profession will play an active role in the case of document and credit card frauds, checks and bonds related frauds.	3	1,6	7	3,6	16	8,3	97	50,3	70	36,3	4,161	0,842
Forensic accounting is the assurance against to fraud and corruption for the real or legal persons of the public or private sector who thinks that there's is a fraud in company.	6	3,1	27	14,0	26	13,5	87	45,1	47	24,4	3,736	1,074
I think professional forensic accounting support is necessary for the detection and prevention of frauds	2	1,0	1	0,5	5	2,6	99	51,3	86	44,6	4,378	0,667
The most detailed professional support for fraud auditing is the forensic accounting.	5	2,6	4	2,1	12	6,2	110	57,0	62	32,1	4,140	0,827

Special techniques for forensic accounting can be used to audit fraud, corruption and abuse.	5	2,6	5	2,6	8	4,1	115	59,6	60	31,1	4,140	0,820
Participation of forensic accountants in the audit process will positively affect audit activities.	5	2,6	8	4,1	11	5,7	117	60,6	52	26,9	4,052	0,852
The forensic accountancy profession will contribute to the economy of the country thanks to the fraud that it can reveal and prevent.	5	2,6	6	3,1	10	5,2	114	59,1	58	30,1	4,109	0,838
Forensic accounting contributes to the detection of the debtor's collusive transactions in order to smuggle the property in cases such as fraudulent bankruptcy practices.	2	1,0	7	3,6	8	4,1	108	56,0	68	35,2	4,207	0,770
Forensic accounting services provide significant benefits and assistance during divorce dispute by analyzing the effects and consequences of financial events and financial assets acquired during the marriage	6	3,1	4	2,1	11	5,7	101	52,3	71	36,8	4,176	0,872

When the answers given by the members of the professionals participating in the survey about attitudes towards forensic accountancy in fraud audit are analyzed;

It has been seen that the members of the professions supports the statement “The institutions within the scope of the Capital Markets Law require the Forensic Accountancy Techniques in the Judicial Process of the Crimes Resulting from Work and Actions ” with a 39.9% share. From this, it can be deduced that the professional members are confident in the forensic accountancy techniques.

It is confirmed with the rate of 35.2% that professional members think that it is necessary to use forensic accountancy profession in technical jurisdictions for money laundering. The events and organizations related to the money laundering are very harmful to the country’s economy. This is why the forensic accounting profession is emerging, especially for the country’s economy and economic prosperity.

Today, with the increase of the multi-partner institutional companies, problems between the partners are increasing. Transactions like mergers become widespread, and some accounting and legal problems that have never been encountered before are emerging. The notion of forensic accounting, which forms the intersection of accounting and legal fields, is becoming more important. When the survey results are analyzed, it is seen that 48.7% of the professionals understand the importance of forensic accounting in solving such problems and support forensic accounting.

The existence of a tax-oriented accounting system in our country is the most important element in terms of professional members. Because the effect of the changes made in accounting books and records is closely related to the tax dimension. There is no doubt that the share of forensic accountants will be big in order to detect these changes and tax frauds. As a matter of fact, 45.6% of the professionals strongly support the existence of forensic accountancy in the detection of tax fraud and corruption.

Credit card, check-and-promissory transactions are both legal and accounting transactions. Since they have different negative effects on each player of the economy (bank, seller, buyer, credit institutions, etc.); it is very important to reveal these frauds that are made in these transactions. With 50.3% support, professionals seem to agree with this important issue.

It is understood that 45.1% of the members of the profession regarded forensic accounting as a guarantee.

More than half of the professionals (51.3%) think that they need forensic accounting in order to identify and prevent frauds. Certainly fraud audit is an element that requires special expertise. It is necessary to analyze separately the changes has been caused by fraud in accounting base and also the effects on the legal base.

In line with the previous statement, with the level of support (57%) it is understood that professional members think that the most detailed support for fraud auditing can be got from the forensic accountancy profession.

Detailed investigation and special techniques used by forensic accountants are more effective in revealing frauds. The results and detections of an ordinary auditor may be insufficient to reveal the fraud. Professional members believe that the techniques used by forensic accounting will be more useful and effective with a rate of 59.6%.

With the increasing awareness of forensic accounting, it is necessary to include forensic accounting techniques and practices in the audit process. The results from the survey also support this view.

As stated in money laundering, credit card transactions and checks, as well as in deed transactions, frauds effect not only that company but the entire economy.

Members of the profession think that forensic accounting will be effective to detect the delinquent transactions, especially in the case of fraudulent bankruptcies and 56% of them stated that they agree with this view.

52.3% of respondents support the view that forensic accounting support should be obtained for financial disputes arising from divorces and that forensic accounting would help in resolving these disputes.

### **Conclusion**

There are many reasons for frauds in companies. Some of these are reasons such as tax evasion, false representation of companies' financial status, loaning big amounts from the banks, raising the price of the company shares. Although measures are taken, they are not enough; because it is the human intelligence both makes the fraud, and improves the deterrence measure against the fraud. New approaches are needed in this context. One of these new approaches is forensic accounting which a new concept for our country but an old one for the world that we stated in this study.

The development process of the forensic accounting is slow in terms of our country. The most important reason for this is the lack of professional law. The fact that there are explanations similar to the concept of forensic accounting in the Turkish Commercial Code or the Capital Market Board is also a fact of necessity in this respect. It is necessary to educate and train specialists after the professional law. There are only 73 forensic accountants in our country. Only two institutions in our country have educations on this subject. The concept of forensic accounting should take place in universities, especially in undergraduate courses, as well as in specialist areas of graduate level. We also believe that CPA chambers will be able to issue certificates in with the support of TÜRMOB.

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